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TO: CHARLES L.A. TERRENI, ESQUIRE, ATTORNEY FOR FRONTIER COMMUNICATIONS OF THE CAROLINAS, LLC:

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A. Statement of Facts

1. On October 21, 2019, ORS was notified by a member of the South Carolina General Assembly of a landline telephone service outage being experienced by customers of Frontier in the St. Luke Community of Georgetown County. The person that informed the legislator of the outage indicated he or she had been without telephone service for three to four weeks. This was the first notification ORS received of the landline telephone outage.

2. ORS staff emailed Frontier that same day to inquire about the outage. Susan Miller, who is the Manager of Government and Regulatory Affairs for Frontier, responded on its behalf. She indicated she was unaware of an outage but would check with Operations. On October 22, 2019, Ms. Miller further responded to ORS' inquiry via email. She advised that the remote terminal serving the St. Luke Community had stopped functioning. Frontier was still trying to restart the equipment or reload the software but had been unsuccessful thus far. In the interim, Frontier was engineering a new cable route to serve these customers via another remote terminal, but it may take at least another week to run a four-mile stretch of temporary service to reconnect the St. Luke customers.

3. On October 25, 2019, ORS discussed the outage with Frontier via email and conference call. During the conference call with ORS, Frontier indicated the network equipment that caused the extended outage was antiquated, no longer supported by the manufacturer, located in a remote area, and "had run its course." In addition, Frontier indicated it would pursue installing old technology, load coils, to restore service and that it may look at replacing or upgrading the failed switch in the future, if it was feasible from an engineering and cost perspective. Frontier also responded to information requests submitted by ORS. Frontier indicated the outage affected 20 customers and provided the following timeline of the outage and efforts to resolve it:

- October 10, 2019: a common cause outage was identified;
- October 10, 2019: the outage was assigned to a field technician for immediate investigation;
- October 10, 2019: the outage was referred to a central office technician and further investigation began;
- October 11, 2019 through October 14, 2019: onsite central office technicians worked with Frontier's Network Reliability team to trouble shoot the problem;
- October 14, 2019 through October 18, 2019: onsite central office technicians continued working with Frontier's Network Reliability team and engaged additional resources from Frontier's Tier II Network Operations team to continue troubleshooting the problem;
- October 18, 2019: Frontier's operations team started investigating alternative means of restoring service while onsite troubleshooting continued;
- October 21, 2019: while onsite troubleshooting continued, Frontier began to investigate the option of using load coils to provide service to customers directly from the Georgetown Central Office;
- October 25, 2019: Frontier determined the best option for restoring service to customers was to use load coils and requested expedited shipping for load coils. Onsite troubleshooting continued through this timeframe.

After Frontier received the load coils at its South Carolina operations location, Frontier stated they would be installed within approximately 72 hours, weather permitting. Service should be restored on a customer-by-customer basis as each line was spliced into the last load coil to be installed. As of October 25, 2019, Frontier indicated it had received two customer complaints about the outage.

4. ORS notified the Commission of the outage via a letter filed October 25, 2019, which asserted the continued delay in resolving the outage was in violation of Frontier's obligation to restore service "within the shortest time practicable." S.C. Code Regs. 103-661. ORS requested the Commission direct and order Frontier to restore service immediately. ORS further advanced that the extended outage demonstrated Frontier was not honoring its commitment to invest in and maintain its network to provide basic telephone service to its customers, as it is obligated to do in exchange for receiving USF. ORS notified Frontier of the letter in advance of submitting it to the Commission.

5. On October 29, 2019, Ms. Miller indicated Frontier believed it had identified an alternate solution for resolving the outage faster than the load coils. A mounted temporary switch was being moved from out of state and should be in South Carolina the following day. Frontier also had acquired some Go Digital equipment to replace the malfunctioning digital loop carrier equipment. She did not have specific information on timing and installation. ORS responded with additional questions regarding the change of course. Ms. Miller indicated Frontier was working on gathering the information requested and that it expected service to be restored no later than November 4, 2019.

6. On October 30, 2019, Ms. Miller filed a letter with the Commission providing an update on its efforts to restore service to the St. Luke Community. Frontier acknowledged that an extended service outage had occurred and that initial repair attempts had failed. Frontier expected to restore service by no later than November 4, 2019, and indicated it would provide bill credits to affected customers and contact each individually to ensure they are receiving quality service. That same day, the Commission issued Order Number 2019-755 directing Frontier to restore service immediately and that, consistent with any safety issues, such restoration was to be completed no later than November 4, 2019. Frontier was directed (1) to provide the Commission copies of trouble reports, if any, prepared pursuant to S.C. Code Reg. 103-653; (2) a detailed report of what caused the service interruption; (3) what action was being take to remedy the outage; and (4) a report on what it will do to prevent similar failures in the future.

7. On October 30, 2019, ORS had a call with representatives of Frontier during which they indicated the original solution of installing load coils was not the best solution because it would take longer. Frontier was pursuing multiple solutions to restore service on a temporary or permanent basis by November 4, 2019. The most favorable solution was to replace the shelf and

card in the existing switch. The second option was to use a remote switch. This would take longer, but the equipment was on site.

8. On October 31, 2019, Frontier provided written responses to ORS' additional October 29, 2019 requests for information, including an explanation for why the mobile switch was not employed earlier. Frontier responded the mobile switch was one of several options Frontier identified, as it searched for alternatives to restore customers. It was not considered earlier because it was in another state and required retrofitting to be used with a copper fed situation. Frontier continued efforts until October 31, 2019, to restart the existing Reltek Digital Loop Carrier by replacing the shelf and cards brought from the Florida service area the evening of October 30th. When those efforts were unsuccessful, Frontier proceeded with replacing the Reltek equipment with Tellabs UMC1000 digital loop carrier equipment which was expected to arrive the evening of October 31st with installation beginning immediately. Frontier expected service to be restored no later than November 4, 2019. Frontier planned for the Tellabs equipment to be a permanent solution and stated it would provide better voice service. Frontier had not determined the total amount of cost or new investment required to provide reliable service but stated most of the capital expense was expected to be labor costs. Frontier had no plans to introduce other types of communications service to the area.

9. Ms. Miller filed with the Commission, on November 1, 2019, the trouble reports and report on the outage, as directed by the Commission. The outage report stated that Frontier became aware on October 10, 2019, that multiple customers in the St. Luke Community were without service. Frontier had received two customer trouble reports on October 9th. Frontier provided the same basic timeline to the Commission as that given to ORS in its October 25th and October 31st responses to ORS' information requests. Ms. Miller reported that Frontier had

provided an initial month's credit to each of the 21 impacted customers and would contact each customer to ensure they have quality service and to discuss additional credits.

10. On November 2, 2019, Frontier notified ORS of service restoration to customers at 9:42 p.m. on November 1, 2019.

11. On November 4, 2019, Frontier filed a letter with the Commission notifying it service restoration was complete.

12. During a conference call on November 7, 2019, Frontier indicated that it had spoken with each affected customer regarding whether service had been restored. Two customers had indicated they did not have service. For one of these customers, his or her own equipment in the residence was determined to be the problem. The other customer was not home, but a technician had verified to the extent he could that service was running to the home. Frontier indicated it had provided three months of credit to affected customers' bills.

13. Affected customers with whom ORS staff have spoken have indicated the service outage began the morning of October 8, 2019. One of the customers with whom ORS spoke indicated that he had spoken with the field technician working locally on the equipment during the outage. This field technician stated the equipment was so old Frontier could not obtain parts, and there was one technician in the area able to work on the equipment. Another customer indicated that he could receive calls the morning of November 6, 2019, but then calls were being dropped and the line went dead. He was out of town when ORS staff spoke with him on November 6th and could not confirm whether service had been restored. He had seen Frontier employees working in the area on November 6th. He stated the landline voice quality is very good. He has a cell phone, but the service where he was located in St. Luke was maybe a 1.5 on a scale of 10.

B. Law and Argument

As a carrier of last resort for the St. Luke Community, Frontier is obligated to provide basic local exchange telephone service to residential customers and single-line business customers and receives USF support for that purpose. In continuing its “commitment to universally available basic local exchange telephone service at affordable rates and to assist with the alignment of prices and cost recovery,” South Carolina established the USF for distribution to carriers of last resort. S.C. Code § 58-9-280(E). ORS is responsible for administering the USF. *Id.* Carriers of last resort such as Frontier are required to utilize USF for the programs for which the funds are intended. S.C. Code § 58-9-280(E)(10). Carriers of last resort must retain all records of operations demonstrating the funds received were used appropriately within South Carolina for a period of ten years from receipt of the funding. *Id.* All such records must be available upon request of ORS. *Id.* ORS is authorized to conduct compliance audits and other investigations to ensure carriers of last resort use USF appropriately. S.C. Code § 58-9-280(E)(8), 58-9-390. The Commission has the authority to discontinue or prevent a violation of law by a telephone utility:

Whenever it shall appear that any telephone utility is failing or omitting, or about to fail or omit, to do anything required of it by law or by order of the commission or is doing anything, or about to do anything, or permitting anything, or about to permit anything, to be done contrary to or in violation of law or of any order of the commission, an action or proceeding shall be prosecuted by the regulatory staff in any court of competent jurisdiction in the name of the Office of Regulatory Staff or the State for the purpose of having such violation or threatened violation discontinued or prevented, either by mandamus, injunction, or other appropriate relief and in such action or proceeding it shall be permissible to join such other persons or corporations as parties thereto as may be reasonably necessary to make the order of the court in all respects effective.

S.C. Code § 58-9-770.

Further, during the August 27, 2009 hearing on the application for approval of the transfer of assets, authority, and certificates from Verizon South, Inc. to Frontier, Frontier made a number

of public interest commitments to encourage approval of the transfer, including that it would “provide high quality service.” Commission Order Number 2009-769, p. 5. Frontier also agreed to certain conditions in Order Number 2009-769 approving the application. Among the conditions were that Frontier would “resolve quality of service issues promptly, including repairing or upgrading the network as necessary.” Order Number 2009-769, p. 15.

Frontier is scheduled to receive a total of \$6,639,771.68 of South Carolina USF support in 2019, and its scheduled November USF disbursement is \$553,314.31.¹ Frontier is the largest recipient of USF support in South Carolina in 2019 to date. ORS sent its First Audit Information Request to Frontier on November 8, 2019, requesting materials and information related to its use of USF. The outage in the St. Luke Community lasted from approximately October 8th to at least November 1st of 2019, a total of 24 days. During this time, the customers affected would not have been able to dial 9-1-1 or contact emergency services on their landlines. Frontier representatives made comments regarding the antiquated nature of the equipment no longer supported by the manufacturer which caused the outage. Frontier continued attempting to repair the antiquated equipment instead of replacing or upgrading it. In addition, Frontier appears to have been pursuing between October 8th and 29th a potential solution, load coils, that would have taken longer than the solution implemented around October 29th. It was not until October 31st, twenty-three days into the outage, that Frontier proceeded with replacing the loop carrier. It is unclear how much additional equipment Frontier has in South Carolina that is in such an antiquated state as the equipment at issue here that served the St. Luke Community. In addition, ORS has received information suggesting insufficient local technicians were available to work on the problem for all or part of the outage.

¹ ORS is not requesting authorization to suspend and hold lifeline reimbursements to Frontier. The figures provided do not include lifeline reimbursement amounts.

All of this raises serious concerns about whether Frontier has been utilizing the USF it receives from South Carolina for the programs for which the funds were intended, including investing and maintaining its South Carolina network to provide basic telephone service to its customers such as those in St. Luke, or is using the funds for other purposes. Frontier is scheduled to receive an additional \$553,314.31 in USF support in November. South Carolina should not continue to support Frontier's operations through the USF until Frontier demonstrates it is utilizing the support appropriately.

For the reasons set forth herein and at any oral argument or evidentiary hearing on this petition, ORS, therefore, requests the Commission authorize ORS to suspend and hold USF disbursements to Frontier pending the outcome of the audit ORS has initiated of Frontier's use of USF. ORS respectfully requests the Commission rule on this petition on or before November 27, 2019. Otherwise, ORS, as the administrator of the funds, will release the normal monthly disbursement for November.

Respectfully submitted and dated this 8th day of November, 2019.



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